

**Internal Revenue Service**

**Department of the Treasury**

District  
Director

Quality Review Staff - Rm. [REDACTED]  
[REDACTED]  
[REDACTED]

Person to Contact:  
[REDACTED]

Telephone Number:  
[REDACTED]

Employer ID Number:  
[REDACTED]

File Folder Number:  
[REDACTED]

Date: SEP 05 1990

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

The information presented stip. that you were formed on [REDACTED], as a not-for-profit corporation under the laws of the State of [REDACTED]. Your purpose as stated in part of your Articles of Incorporation, Article III, specifies that you were formed to promote businesses in the [REDACTED] area through direct business from your members, as well as, referrals. The corporation will offer its members exposure to high quality businesses noted for their integrity and excellent reputation. This is done by offering a congenial atmosphere for business people, through active participation, to get to know one another's services and instill confidence in fellow members of the corporation.

As indicated in your application submitted during the application process, the sole purpose and activity of your organization is to provide your membership with the opportunity to meet others in similar positions of responsibility (owners, partners, managers) in a non-business environment where ideas may be exchanged and members may get to know other persons with similar backgrounds as a method of increasing sales.

Furthermore, review of your letter dated [REDACTED], indicates the only common business interest the club members intend to promote is increased awareness of various goods and services the members provide with the intention of thereby increasing sales of the

members through referrals between club members and friends. Hence, you are rendering particular services for individual members rather than working toward improvement of business conditions of an industry.

Section 501(c)(6) of the Internal Revenue Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. The activities of the organization must be directed toward the improvement of business conditions of one or more lines of business, distinguished from the performance of particular services for individual persons. An organization whose purpose is to promote improved business conditions of one or more lines of business by increasing the awareness of goods and services provided by club members, and increase sales through referrals of members and friends is not a business league as described under section 501(c)(6).

Revenue Ruling 59-591, 1959-2 C.B. 151 states that an organization composed of individuals, firms, associations and corporations, each representing a different trade, business, occupation or profession whose purpose is to exchange information on business prospects has no common business interest other than a mutual desire to increase their individual sales. The activities are not directed toward the improvement of one or more lines of business, but rather to the promotion of the private interests of its members.

Accordingly, based on all the facts and circumstances, we conclude that you do not qualify for recognition of exemption from Federal income tax under section 501(c)(6) of the Code or any other section of 501. You are therefore required to file Federal income tax returns, Form 1120.

[REDACTED]

If you do not agree with our proposed adverse ruling, we recommend that you request a conference with a member of the Regional Director of Appeals Staff. Your request for a conference should include a written appeal signed by an authorized officer giving the facts, law and any other pertinent information to support your position as explained in the enclosed Publication 892. If you are to be represented by someone who is not one of your authorized officers, he/she will need to file a power of attorney or tax information authorization and be qualified to practice before the Internal Revenue Service as provided in Treasury Department Circular No. 230. The conference may be held at the Regional office or, if you request, at any mutually convenient District office.

If we have not received an appeal within 90 days, ours will become our final determination letter.

Sincerely,

[REDACTED]

[REDACTED]  
District Director

Enclosures: Publication 892  
Form 1120 & Instructions